

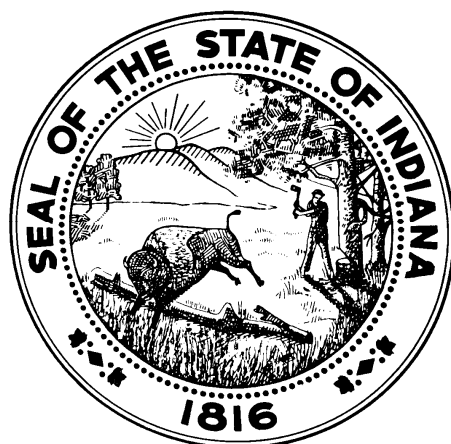
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2007

CITY OF JASPER

DUBOIS COUNTY, INDIANA



FILED
07/16/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Juanita S. Boehm	01-01-04 to 12-31-11
Mayor	William J. Schmitt	01-01-04 to 12-31-11
Presiding Officer of the Board of Public Works and Safety	William J. Schmitt	01-01-04 to 12-31-11
Presiding Officer of the Common Council	William J. Schmitt	01-01-04 to 12-31-11
Utilities' General Manager	Gerald W. Hauersperger	01-01-07 to 12-31-08
Water Utility Manager	Michael A. Oeding	01-01-07 to 12-31-08
Wastewater Utility Manager	Thomas Lents Greg Hollinden	01-01-07 to 05-31-08 06-01-08 to 12-31-08
Electric Utility Generation Manager	Windell Toby	01-01-07 to 12-31-08
Electric Utility Distribution Manager	Jerry Schitter	01-01-07 to 12-31-08
Gas Utility Manager	Michael A. Oeding	01-01-07 to 12-31-08
Utility Controller	Linda McGovren	01-01-07 to 12-31-08
Chairman of the Utility Service Board	Mike Harder Mike Schwenk	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF JASPER, DUBOIS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jasper (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2007, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, and Budgetary Comparison Schedules, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 12, 2008

City of Jasper, Indiana
Management's Discussion and Analysis
December 31, 2007

This discussion and analysis highlights the City of Jasper's financial activities for the year ended December 31, 2007. We hope you will find this discussion helpful in assessing the City's financial condition. Please read it in conjunction with the City's financial statements and accompanying notes, which follow this discussion and analysis.

Financial Highlights

- The net cash assets of the City of Jasper at December 31, 2007 were \$33,330,614. Of this amount, \$12,035,053 is unrestricted and may be used to meet the City's ongoing obligations to its citizens, creditors and utility customers.
- The City's cash net assets increased by \$4,827,749.
- The City's long-term debt decreased by \$2,302,933.

Basic Financial Statements

The Governmental Accounting Standards Board (GASB) requires the City to present its financial statements in accordance with GASB Statement No. 34.

The basic financial statements of the City of Jasper consist of three components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

The government-wide financial statement is the Statement of Activities and Net Assets – Cash and Investment Basis. The government-wide statement reports on two major categories of services:

- Governmental activities, which encompass most of the City's basic services that are provided to its citizens.
- Business-type activities, which include the water, wastewater, electric and gas utilities.

Governmental activities include most of the City's basic services that are provided to its citizens, such as the general government, street, park, police, fire, arts, and stormwater departments. Governmental activities are presented on the *cash* basis of accounting; in

other words, receipts and expenditures are recorded in the financial statements when cash is actually received or disbursed.

Business-type activities include the City's water, wastewater, electric and gas utilities. These activities are primarily funded through user charges and fees for services. The financial statements which are included in this report also report the business-type activities on a *cash* basis.

Fund financial statements are broadly categorized as governmental, proprietary, internal service and fiduciary. Separate financial statements are presented for each of these fund categories, with the internal service fund reported on the proprietary statement.

- Governmental funds include the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and Permanent Funds. These funds report what most people consider the basic government services. The Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds reports the three major funds separately, with all other funds combined into one total. This statement provides a detailed short-term view of the City's general government operations and the basic services it provides. This information will help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- Proprietary (enterprise) funds include the business-type activities, namely the water, wastewater, electric and gas utilities. The enterprise fund statements have been prepared using the cash basis of accounting. The Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds reports activities and balances for each of the proprietary funds.
- Internal service fund consists of the activities of the Self-Insurance Fund. The cost of the City's group health/life insurance plan is paid from this fund.
- Fiduciary funds include the Police and Fire Pension Trusts, the Landfill Escrow, and the Cemetery Endowment. All of the City's fiduciary activities are reported in a separate Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations.

Notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are a required part of the basic financial statements.

Condensed Financial Data

Governmental Activities

The table below provides a summary of the governmental activities' changes in cash net assets for the year ended December 31, 2007, with comparative figures from 2006:

City of Jasper, Indiana Changes in Cash Net Assets (000's omitted)		
	<u>2007</u>	<u>2006</u>
<u>Receipts</u>		
Program receipts:		
Charges for services	2,683	1,759
Operating grants and contributions	947	1,591
Capital grants and contributions	1,605	1,575
Transfers	308	299
General receipts:		
Property taxes	5,543	5,385
Other local sources	3,148	2,431
Other receipts	797	644
Total receipts	<u>15,031</u>	<u>13,684</u>
<u>Disbursements</u>		
General government	3,241	3,586
Public safety	2,035	1,978
Highways and streets	2,776	2,647
Sanitation	497	861
Economic development	726	1,190
Culture and recreation	2,830	2,432
Principal on long-term debt	310	300
Interest on long-term debt	73	79
Total disbursements	<u>12,488</u>	<u>13,073</u>
Change in cash net assets	2,543	611
Beginning cash net assets	<u>14,514</u>	<u>13,903</u>
Ending cash net assets	<u>\$ 17,057</u>	<u>\$ 14,514</u>

Business-Type Activities

The table below provides a summary of the changes in cash net assets for the year ended December 31, 2007, with comparative figures from 2006.

City of Jasper, Indiana Changes in Cash Net Assets (000's omitted)

	<u>2007</u>	<u>2006</u>
<u>Receipts</u>		
Program receipts:		
Charges for services	39,078	37,572
Capital grants and contributions	258	328
General receipts:		
Other local sources	5,378	11,396
Bonds and loans	-	1,359
Unrestricted investment earnings	816	712
Total receipts	<u>45,530</u>	<u>51,367</u>
<u>Disbursements</u>		
Water	3,369	5,898
Wastewater	3,097	4,905
Electric	27,696	28,082
Gas	8,776	12,059
Transfers out	308	-
Total disbursements	<u>43,246</u>	<u>50,944</u>
Change in cash net assets	2,284	423
Beginning cash net assets	<u>13,989</u>	<u>13,566</u>
Ending cash net assets	<u>\$ 16,273</u>	<u>\$ 13,989</u>

Fund Analysis

In reviewing the major funds of the governmental activities, the following changes were observed.

General Fund:

Cash and Investments increased by \$622,280. This increase was due to normal fluctuations in cash receipts and cash disbursements.

Economic Development Income Tax Fund:

Cash and Investments increased by \$477,679. This increase was due to several projects being postponed to 2008.

Park and Recreation Fund:

Cash and Investments increased by \$151,614. This increase was due to normal fluctuations in cash receipts and cash disbursements.

In reviewing the business-type activities, the following changes in cash and investment assets were observed.

Water:

In total, the water utility's cash and investment assets increased by \$302,990 (12.6%) during the year.

The operating and maintenance cash increased by \$290,818. Operating revenues were up by \$307,749, while operating expenses rose by \$147,051. This increase was also due in part to funds being transferred from the depreciation fund.

The depreciation fund decreased by \$51,879 during 2007. Some of the larger expenditures made during 2007 were for the purchase of a loader/backhoe, a new vehicle, and for costs associated with the meter replacement program. Transfers to the operating and maintenance fund also contributed to the decrease in this fund.

Wastewater:

Overall, the wastewater utility's cash and investment assets increased by \$181,083 (5.9%) during 2007.

The operating and maintenance cash increased by \$392,340. Both operating and non-operating revenue increased, while overall operating expenses declined. Transfers from the depreciation fund also contributed to the increase in this fund.

Depreciation cash decreased by \$284,498 (36.8%) in 2007, due in part to the transfers to the operating and maintenance fund. Some of the larger expenditures made from this fund were for the sewer relining project, a loader, new drying beds, and generators for two lift stations.

The interceptor improvement cash increased by \$20,246. The increase was largely due to interest earnings which were credited back to this fund.

The plant expansion cash decreased by \$6,957 during 2007. Expenditures for new drying beds exceeded revenues generated from connection fees and interest earnings, resulting in a net decrease.

Electric:

Total cash and investment assets for the electric utility increased by \$1,588,271 (22.9%).

The electric operating and maintenance cash increased by \$1,646,376. While sales revenue increased by \$3,213,839, purchased power and coal costs rose by \$1,678,605.

The electric utility's depreciation cash increased by \$217,428. Most of the expenditures from this fund were for additions and improvements to the electric distribution system, and for new radio-read meters.

The electric bond reserve fund was at zero as of the end of the year, a decrease of \$352,000. This amount was available to use for the final principal and interest payment on the maturing 2003 bond issue.

Gas:

Overall, the gas utility's cash and investment assets increased by \$211,877, or 13.6%.

The gas utility's operating and maintenance cash increased by \$57,226. This increase was due to normal fluctuations in cash receipts and cash disbursements.

The gas utility's depreciation cash increased by \$114,765. Major capital expenditures during 2007 included the purchase of a loader backhoe, and costs associated with the meter replacement program.

General Fund Budgetary Highlights

During 2007, the General Fund budget was revised once. This revision resulted in an overall decrease in the budget of \$1,300. The decrease was due to routine budget adjustments. Several large items were ordered towards the end of 2007, therefore, \$497,000 of the unspent 2007 budget was carried over, or encumbered, into 2008.

Capital Asset and Long-Term Debt Activity

Capital Asset Activity:

As of December 31, 2007, the City had \$187,051,000 invested in capital assets, including land, buildings, park facilities, streets, storm sewers, sidewalks, rights-of-way, equipment, and electric, water, sewer, and gas lines. This represents an increase of \$57,941,000, or 44.9%, over last year. The reason for the unusually large increase is the complete implementation of GASB Statement No. 34. This statement required the

reporting of all infrastructure assets (streets, storm sewers, sidewalks and rights-of-way) acquired since 1980, which is explained in more detail below.

	(000's omitted)					
	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land	3,943	3,943	615	615	4,558	4,558
Buildings	11,544	11,457	21,103	21,103	32,647	32,560
Improvements	8,530	8,307	49,426	48,603	57,956	56,910
Equipment	10,305	9,981	18,940	18,815	29,245	28,796
Infrastructure	62,386	6,060	-	-	62,386	6,060
Construction in Progress	216	90	43	136	259	226
Totals	\$ 96,924	\$ 39,838	\$ 90,127	\$ 89,272	\$187,051	\$129,110

This year's major capital asset additions for the governmental activities included:

- Implementing GASB Statement No. 34 resulted in restating the January 1, 2007 balance for infrastructure to \$60,449,000. This total included estimated costs for rights-of-way of \$11,184,000, street costs of \$36,954,000, storm sewers of \$12,048,000, sidewalks of \$224,000, and traffic signals of \$39,000. Additions for 2007 totaling \$1,996,000 consisted of widening and repaving existing streets, totaling \$370,000, repairing storm sewers, totaling \$117,000, and sidewalks and curbs, totaling \$29,000. The balance, \$1,480,000, was acquired through annexations completed in 2007, with the estimated cost of streets and storm sewers totaling \$1,228,000, and a developer widening and installing city streets, with that cost estimated to be \$252,000.
- Replacing twenty-five golf carts at the two golf courses, for a total cost of \$85,000. A certain number of golf carts are replaced on a rotating schedule every year.
- Purchasing major equipment at the Street Department, including a dump truck, John Deere tractor, a storm sewer camera system installed in a truck, a salt spreader, a snow plow, and various other equipment, totaling \$255,000.
- Purchasing various equipment at the Park Department, including several mowers, two pickup trucks, and two utility carts, totaling \$76,000.
- Purchasing various equipment at the Fire Department, including a pickup truck, a garage door-heater interlock system, and a laptop computer, totaling \$40,000.
- Remodeling the Jasper Arts Center auditorium, including installing new seats in the auditorium, totaling \$101,000.
- Purchasing two new police cars, including related equipment for these cars, totaling \$47,000. The Police Department also received donated surveillance equipment and office furniture, totaling \$58,000.
- Paving parking lots at Schroeder Complex, pouring concrete cart paths, replacing the irrigation pump station, and remodeling the Pro Shop Building at the Municipal Golf Course, and installing lighting and irrigation at the Youth Football Field, totaling \$274,000.

The business-type activities recorded approximately \$683,000 for additions and on-going improvements to their respective distribution systems, with \$186,000 of this amount being contributed by developers and customers. Some of this expenditure allowed the City to expand its service area, while a portion of the expenditure was for improvements to, or relocation of, existing distribution systems.

Other major capital additions during 2007 include the following:

- \$289,000 for four loaders.
- \$195,000 to replace older-style electric, water, and gas meters with meters that incorporate newer, more efficient technology. The replacement program is complete in the electric utility, but will continue into 2008 for the water and gas utilities.
- \$86,000 for three new utility vehicles.
- \$71,000 for two new drying beds for the wastewater utility.

See Supplementary Information – Schedule of Capital Assets in the attached financial statements for additional information.

Long-term Debt Activity:

As of December 31, 2007 and 2006, the City's outstanding debt consisted of the following:

	<u>2007</u>	<u>2006</u>
• Park District	\$ 2,290,000	\$ 2,600,000
• Water Utility	\$11,302,000	\$11,974,000
• Wastewater Utility	\$ 1,255,000	\$ 1,750,000
• Electric Utility	\$ -0-	\$ 735,000
• Gas Utility	\$ 1,252,089	\$ 1,343,022

During 2007, the governmental activities made principal payments of \$310,000 and interest payments of \$73,091.

During the year, the business-type activities made principal payments of \$1,992,933 and interest payments of \$558,184.

See Supplementary Information – Schedule of Long-Term Debt in the attached financial statements for additional information.

Other Currently Known Facts

- The City has instituted a sidewalk/curb replacement program. This program requires the City Engineer to inspect and prioritize all sidewalks/curbs for replacement according to established criteria. This program allows for some sidewalks/curbs to be replaced earlier than otherwise allowable, if the property owner pays for 50% of the replacement cost.
- Dubois County Area Development Corporation (DCADC) is a cooperative effort between government and the private sector businesses. DCADC is working on a variety of approaches to economic development, including retention and expansion of established basic employers, small business development, workforce development and new basic employer recruitment and creative incentives to bring new businesses into the area.
- The City of Jasper, on behalf of ROJAC, has been named the local public agency for a \$1,150,000 Transportation Enhancement grant. The City will be the fiscal administrator for this grant, which will be used to rebuild the old Eckert Mill. This mill, a replica of an historic structure formerly located along the riverfront area, will be used as a visitor center. This project, which will be constructed on City property, will require a 20% local match. This match will be raised through ROJAC. The City will be providing in-kind services to this project. This project is scheduled to be bid in July, 2008.
- The City has been awarded a \$750,000 Transportation Enhancement grant to extend the walking path that will eventually encompass the City. This phase of the project will require a 20% local match, which the City will fund in its 2008 budget. This project is scheduled to be bid in July, 2008.
- The City's locomotive is currently being used by the Indiana Railway Museum. This not-for-profit organization is maintaining the locomotive in working order. The passenger cars are undergoing renovation, using volunteers to refurbish them. The inaugural trip using these cars is planned for September, 2008.
- The City has received bids in April, 2008 to build a parking lot at Sixth and Mill Streets, which will increase downtown parking.
- The City has initiated the process to use Community Development Block Grant money to make improvement to blighted storm sewers and sidewalks in the downtown area. The grant administrator has been chosen, and bids are being accepted for the engineering firm to design the specifications. The total cost of this project is estimated to be \$240,000.
- The City is in the process of studying options for upgrading Beaver Lake Dam to Department of Natural Resources new guidelines. Upgrades must be completed within a four year period. Engineering estimates for the various options range from \$830,000 to \$3,630,000.
- The City of Jasper has joined Indiana Municipal Power Agency (IMPA), a not-for-profit organization formed in 1980 by a group of municipally-owned electric utilities for the purpose of planning, financing, owning and operating facilities to provide electric service to its members. Effective January 1, 2008, IMPA began arranging for the power supply, transmission and ancillary services to Jasper under the terms of a contract that continues through the year 2042. The

City has also entered into a separate agreement with IMPA to schedule and dispatch the output of the City's electric power plant.

- The electric utility has entered into an agreement with Jasper Chair Company for an exchange of properties located along Vine Street. The electric utility plans to build a new meter building and containment pits on the property acquired from Jasper Chair. Property currently owned by the City will be transferred to Jasper Chair later this year, after construction of the new meter building.
- The City has adopted a new rate ordinance for the wastewater utility. Retail rates will increase by 6.99% for customers within the City, and by 14.13% for those customers outside the City. These increases will be phased in over two years beginning with billings after July 1, 2008. The wholesale rate will also increase, but will be implemented in its entirety in the first year.
- In April 2008, the Utility Service Board accepted a bid of \$199,500 for the wastewater utility's new force main along South Newton Street. This project will increase capacity and improve the flow from the Knies lift station.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City's Clerk-Treasurer Office at 610 Main Street, Jasper, Indiana.

CITY OF JASPER
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 3,240,565	\$ 1,187,900	\$ 100	\$ 78,970	\$ (1,973,595)	\$ -	\$ (1,973,595)
Public safety	2,035,483	51,879	11,374	15,262	(1,956,968)	-	(1,956,968)
Highways and streets	2,775,520	359,893	571,483	81,819	(1,762,325)	-	(1,762,325)
Sanitation	496,910	209,100	-	-	(287,810)	-	(287,810)
Economic development	726,413	-	-	1,418,513	692,100	-	692,100
Culture and recreation	2,829,654	874,080	363,802	9,965	(1,581,807)	-	(1,581,807)
Principal on long-term debt	310,000	-	-	-	(310,000)	-	(310,000)
Interest on long-term debt	73,091	-	-	-	(73,091)	-	(73,091)
Total governmental activities	12,487,636	2,682,852	946,759	1,604,529	(7,253,496)	-	(7,253,496)
Business-type activities:							
Water	3,369,111	3,318,102	-	113,353	-	62,344	62,344
Wastewater	3,096,585	2,803,379	-	66,216	-	(226,990)	(226,990)
Electric	27,695,997	24,731,368	-	-	-	(2,964,629)	(2,964,629)
Gas	8,775,663	8,224,723	-	78,677	-	(472,263)	(472,263)
Total business-type activities	42,937,356	39,077,572	-	258,246	-	(3,601,538)	(3,601,538)
Total primary government	\$ 55,424,992	\$ 41,760,424	\$ 946,759	\$ 1,862,775	(7,253,496)	(3,601,538)	(10,855,034)
General receipts:							
Property taxes					5,543,146	-	5,543,146
Other local sources					3,148,390	5,377,738	8,526,128
Unrestricted investment earnings					797,036	816,473	1,613,509
Transfers					308,452	(308,452)	-
Total general receipts, and transfers					9,797,024	5,885,759	15,682,783
Change in net assets					2,543,528	2,284,221	4,827,749
Net assets - beginning					14,514,266	13,988,599	28,502,865
Net assets - ending					\$ 17,057,794	\$ 16,272,820	\$ 33,330,614
<u>Assets</u>							
Cash and investments					\$ 6,212,005	\$ 5,823,048	\$ 12,035,053
Restricted assets:							
Cash and investments					10,845,789	10,449,772	21,295,561
Total assets					\$ 17,057,794	\$ 16,272,820	\$ 33,330,614
<u>Net Assets</u>							
Restricted for:							
Public safety					\$ 448,650	\$ -	\$ 448,650
Highways and streets					939,725	-	939,725
Sanitation					73,554	-	73,554
Economic development					2,426,284	-	2,426,284
Culture and recreation					1,897,452	-	1,897,452
Debt service					395,848	2,639,143	3,034,991
Other purposes					4,664,276	7,810,629	12,474,905
Unrestricted					6,212,005	5,823,048	12,035,053
Total net assets					\$ 17,057,794	\$ 16,272,820	\$ 33,330,614

The notes to the financial statements are an integral part of this statement.

CITY OF JASPER
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	Park and Recreation	EDIT	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 3,522,907	\$ 1,552,481	\$ -	\$ 467,758	\$ 5,543,146
Special assessments	-	-	-	2,221	2,221
Licenses and permits	20,580	-	-	5,195	25,775
Intergovernmental	2,487,100	160,562	1,418,513	1,428,880	5,495,055
Charges for services	622,445	678,422	-	382,664	1,683,531
Fines and forfeits	25,699	-	-	1,245	26,944
Other	502,427	95,238	93,150	308,622	999,437
Total receipts	7,181,158	2,486,703	1,511,663	2,596,585	13,776,109
Disbursements:					
General government	2,245,444	-	-	7,484	2,252,928
Public safety	2,020,340	-	-	15,143	2,035,483
Highways and streets	1,520,321	-	-	1,262,615	2,782,936
Sanitation	496,910	-	-	-	496,910
Economic Development	-	-	726,413	-	726,413
Culture and recreation	584,315	2,335,089	-	38,302	2,957,706
Debt service:					
Principal	-	-	-	310,000	310,000
Interest	-	-	-	73,091	73,091
Total disbursements	6,867,330	2,335,089	726,413	1,706,635	11,635,467
Excess of receipts over disbursements	313,828	151,614	785,250	889,950	2,140,642
Other financing sources (uses):					
Transfers in	308,452	-	-	357,571	666,023
Transfers out	-	-	(307,571)	(50,000)	(357,571)
Total other financing sources (uses)	308,452	-	(307,571)	307,571	308,452
Excess of receipts and other financing sources over disbursements and other financing uses	622,280	151,614	477,679	1,197,521	2,449,094
Cash and investment fund balance - beginning	5,589,725	1,503,478	1,607,741	4,453,304	13,154,248
Cash and investment fund balance - ending	\$ 6,212,005	\$ 1,655,092	\$ 2,085,420	\$ 5,650,825	15,603,342
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					1,454,452
Net assets of governmental activities					\$ 17,057,794
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 6,212,005	\$ -	\$ -	\$ -	\$ 6,212,005
Restricted assets:					
Cash and investments	-	1,655,092	2,085,420	5,650,825	9,391,337
Total cash and investment assets - December 31	\$ 6,212,005	\$ 1,655,092	\$ 2,085,420	\$ 5,650,825	\$ 15,603,342
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 448,650	\$ 448,650
Highways and streets	-	-	-	939,725	939,725
Sanitation	-	-	-	73,554	73,554
Economic development	-	-	2,085,420	340,864	2,426,284
Culture and recreation	-	1,655,092	-	242,360	1,897,452
Debt service	-	-	-	395,848	395,848
Other purposes	-	-	-	3,209,824	3,209,824
Unrestricted	6,212,005	-	-	-	6,212,005
Total cash and investment fund balance - December 31	\$ 6,212,005	\$ 1,655,092	\$ 2,085,420	\$ 5,650,825	\$ 15,603,342

The notes to the financial statements are an integral part of this statement.

CITY OF JASPER
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2007

	Water Utility	Wastewater Utility	Electric Utility	Gas Utility	Totals	Internal Service Fund
Operating receipts:						
Utility collections	\$ 3,318,102	\$ 2,803,379	\$ 24,731,368	\$ 8,224,723	\$ 39,077,572	\$ -
Insurance proceeds	-	-	-	-	-	1,478,953
Other	236,560	238,371	4,095,567	727,736	5,298,234	137,217
Total operating receipts	3,554,662	3,041,750	28,826,935	8,952,459	44,375,806	1,616,170
Operating disbursements:						
Cost of sales and services	1,797,436	2,259,929	21,331,057	7,602,542	32,990,964	-
Equipment and capital improvements	280,461	269,066	641,720	236,420	1,427,667	-
Insurance disbursements	-	-	-	-	-	1,574,893
Miscellaneous disbursements	197,692	18,529	4,971,729	870,404	6,058,354	-
Total operating disbursements	2,275,589	2,547,524	26,944,506	8,709,366	40,476,985	1,574,893
Excess of operating receipts over operating disbursements	1,279,073	494,226	1,882,429	243,093	3,898,821	41,277
Nonoperating receipts (disbursements):						
Interfund loan repayment	-	-	90,933	(90,933)	-	-
Interest and investment receipts	136,224	163,084	376,412	74,456	750,176	53,157
Miscellaneous receipts	22,705	6,618	115,219	1,259	145,801	-
Debt service of principal	(672,000)	(495,000)	(735,000)	-	(1,902,000)	-
Interest and investment disbursement	(421,335)	(54,061)	(16,491)	(66,297)	(558,184)	-
Miscellaneous disbursements	(187)	-	-	-	(187)	-
Total nonoperating receipts (disbursements)	(934,593)	(379,359)	(168,927)	(81,515)	(1,564,394)	53,157
Excess of receipts over disbursements and nonoperating receipts (disbursements)	344,480	114,867	1,713,502	161,578	2,334,427	94,434
Capital contributions	113,353	66,216	-	78,677	258,246	-
Transfers out	(154,843)	-	(125,231)	(28,378)	(308,452)	-
Excess of receipts and contributions over disbursements and transfers out	302,990	181,083	1,588,271	211,877	2,284,221	94,434
Cash and investment fund balance - beginning	2,401,849	3,087,393	6,935,876	1,563,481	13,988,599	1,360,018
Cash and investment fund balance - ending	<u>\$ 2,704,839</u>	<u>\$ 3,268,476</u>	<u>\$ 8,524,147</u>	<u>\$ 1,775,358</u>	<u>\$ 16,272,820</u>	<u>\$ 1,454,452</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 292,598	\$ 400,200	\$ 4,119,546	\$ 1,010,704	\$ 5,823,048	\$ -
Restricted assets:						
Cash and investments	2,412,241	2,868,276	4,404,601	764,654	10,449,772	1,454,452
Total cash and investment assets - December 31	<u>\$ 2,704,839</u>	<u>\$ 3,268,476</u>	<u>\$ 8,524,147</u>	<u>\$ 1,775,358</u>	<u>\$ 16,272,820</u>	<u>\$ 1,454,452</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ 1,874,038	\$ 765,105	\$ -	\$ -	\$ 2,639,143	\$ -
Other purposes	538,203	2,103,171	4,404,601	764,654	7,810,629	1,454,452
Unrestricted	292,598	400,200	4,119,546	1,010,704	5,823,048	-
Total cash and investment fund balance - December 31	<u>\$ 2,704,839</u>	<u>\$ 3,268,476</u>	<u>\$ 8,524,147</u>	<u>\$ 1,775,358</u>	<u>\$ 16,272,820</u>	<u>\$ 1,454,452</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF JASPER
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 368,920	\$ -	\$ -
Investment earnings:			
Interest	73,652	24,327	-
Agency fund additions	<u>-</u>	<u>-</u>	<u>9,267,651</u>
Total additions	<u>442,572</u>	<u>24,327</u>	<u>9,267,651</u>
Deductions:			
Benefits	180,729	-	-
Administrative and general	22,481	41,275	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>9,291,766</u>
Total deductions	<u>203,210</u>	<u>41,275</u>	<u>9,291,766</u>
Excess (deficiency) of total additions over total deductions	239,362	(16,948)	(24,115)
Cash and investment fund balance - beginning	<u>1,326,540</u>	<u>475,321</u>	<u>99,972</u>
Cash and investment fund balance - ending	<u>\$ 1,565,902</u>	<u>\$ 458,373</u>	<u>\$ 75,857</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, culture and recreation, public improvements, planning and zoning, general administrative services, electric, gas, water, wastewater, and storm water management.

The City's financial reporting entity is composed of the following:

Primary Government: City of Jasper

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The park and recreation fund is used to account for the operating receipts and disbursements made in connection with the City providing recreation programs and facilities.

The EDIT fund is used to account for the disbursements for capital outlay pertaining to economic development projects from receipts derived from the county economic development income tax.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The electric utility fund accounts for the operation of the electric generation plant and distribution system.

The gas utility fund accounts for the operation of the gas distribution system.

Additionally, the City reports the following fund types:

The internal service fund consists of the activities of the self-insurance fund which charges a premium to each fund that has a payroll budget, based on the number of full-time employees paid from that fund as of January 1.

The pension trust funds account for the activities of the 1925 and 1977 police and the volunteer firefighter's pensions funds, which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the citizens of the City.

Agency funds account for assets held by the City as an agent for employee withholdings and community arts programs and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, wastewater, electric, and gas functions and various other functions of the City. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2007, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007</u>
Water Fund	General Fund	\$ 154,843
Electric Fund	General Fund	125,231
Gas Fund	General Fund	28,378
EDIT Fund	Other governmental	307,571
Other governmental funds	Other governmental funds	<u>50,000</u>
Total		<u><u>\$ 666,023</u></u>

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$75,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all funds with payrolls and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon the percentage of each fund's current year number of employees as it relates to the total number of full-time employees, and are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

B. Subsequent Events

Reconstruction of Old Mill as Visitor Center

On August 25, 2006, the City entered into a contract with the Indiana Department of Transportation (INDOT) for the project to reconstruct the old mill to be used as a visitor center. The estimated cost of the project is \$1,425,000. The City was originally awarded a \$900,000 Transportation Enhancement Grant from INDOT and the Federal Highway Administration on behalf of Redevelop Old Jasper Action Coalition (ROJAC) for the project. On January 15, 2008, the City received approval from INDOT to transfer \$250,000 of grant funds from the Jasper Multi-Use Path Project to the Jasper Welcome Center Mill Project. An agreement with ROJAC was signed on January 3, 2005, stating that ROJAC was responsible for contributing all the matching funds required for the grant. In March 2007, the bids for this project were received by INDOT, but all bids were rejected because they significantly exceeded INDOT's estimated cost for the project. Design modifications for the project have been made and bids will be let by INDOT later in 2008.

Multi-Use Path Project

On September 14, 2004, the City was awarded a Transportation Enhancement Grant in the amount of \$450,000 to be used to construct a Multi-Use Path within the City of Jasper to be used by pedestrians, bicycles, and other nonmotorized modes of transportation. On May 26, 2005, the

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

City was notified that the grant was increased by an additional \$550,000. On January 15, 2008, the City received approval from Indiana Department of Transportation to transfer \$250,000 of the Transportation Enhancement Grant from this Multi-Use Path Project to the Jasper Welcome Center Mill Project as stated above. As of December 31, 2007, the City has incurred engineering costs with Clark Dietz, Inc., in the amount of \$78,264 which have been paid with local funds.

Wastewater Utility Rate Increase

The Common Council adopted Ordinance 2008-10 at its meeting on April 23, 2008, to increase the Wastewater Utility rates. The increase amounted to 6.99% for utility customers within the City and 14.13% for utility customers outside the City. The increase will be phased in over two years with the first phase starting with the July 2008 billings.

Wastewater Utility Bids Awarded

At the April 21, 2008, meeting, the Utility Service Board awarded a bid to American Development and Excavating for the South Newton Street force main project at a cost of \$199,500. Also at this meeting, a bid was awarded to Sendelweck Construction for the construction of drying beds at a cost of \$66,585.

C. Contingent Liabilities

USEPA Claim

The United States Environmental Protection Agency (USEPA) has filed a claim against the City of Jasper for activities of PCB Treatment, Inc., during or about the 1980s involving the improper and illegal disposal of PCB materials. The USEPA has alleged that the City of Jasper was a potentially responsible party ("PRP") because of PCB contaminated materials allegedly contributed by the City of Jasper, through the Jasper Municipal Utilities, to the sites. The Jasper Municipal Utilities had, in fact, contracted with PCB Treatment, Inc., during or about the 1980's, to properly and legally dispose of Jasper's PCB contaminated materials. There are approximately 1,500 PRP's in addition to the City of Jasper.

The City of Jasper received a letter from the USEPA in June 2001 advising them that they could enter into a de minimis settlement in this matter. The City had two choices of a premium: I) a 100% premium with no cost reopener and II) a 50% premium with a reopener if there are cost overruns that exceed the estimated removal action costs of \$34,752,000 and reach \$60,000,000. Option I would cost the City \$85,707 and option II would cost \$64,280. The Utility Service Board entered into an Administrative Order of Consent, on July 16, 2001, and chose Option II. The amount of \$64,280 was paid on October 19, 2001, to the USEPA's special account. Because the City chose Option II, the reopener could be triggered at a later date and more money could be owed. If the reopener is triggered, the parties who selected Option II will owe their individual percentage share of the allocated weight, multiplied by the amount of removal costs incurred that exceed the \$60,000,000. The City of Jasper's individual percentage share is .12%.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Rate Structure – Enterprise Funds

Water Utility

On September 24, 1984, the City Council adopted Ordinance 1156 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on January 21, 2004, and amended on November 14, 2007.

Wastewater Utility

The current rate structure was approved by the Council on December 17, 1997, and amended on May 22, 2002, and April 19, 2006.

Electric Utility

On June 12, 1991, the City Council adopted Ordinance 1991-15 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on May 22, 1996, and amended on August 17, 2005.

Gas Utility

On June 12, 1991, the City Council adopted Ordinance 1991-14 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on December 17, 2003.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension
Annual required contribution	\$ 508,274	\$ 217,900
Interest on net pension obligation	(13,684)	76,300
Adjustment to annual required contribution	15,594	(94,800)
Annual pension cost	510,184	199,400
Contributions made	518,680	153,735
Increase in net pension obligation	(8,496)	45,665
Net pension obligation, beginning of year	(188,751)	1,271,013
Net pension obligation, end of year	\$ (197,247)	\$ 1,316,678
Contribution rates:		
City	8.0%	0%
Plan members	3%	6%
Actuarial valuation date	07-01-05	01-01-04
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years
Amortization period (from date)	07-01-97	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	5%	4%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	0%
Cost-of-living adjustments	2%	2.75/4%*

* 2.75% converted members; 4% nonconverted members

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 426,854	111%	\$ (229,571)
	06-30-06	528,649	92%	(188,751)
	06-30-07	510,184	102%	(197,247)
1925 Police Officers' Pension Plan	12-31-05	153,000	69%	1,233,828
	12-31-06	198,400	81%	1,271,013
	12-31-07	199,400	77%	1,316,678

Membership in the 1925 Police Officers' Pension Plan at January 1, 2007, was comprised of the following:

	<u>1925 Police Officers' Pension</u>
Retirees and beneficiaries currently receiving benefits	7

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2007, 2006 and 2005 were \$193,502, \$182,060, and \$170,199, respectively, equal to the required contributions for each year.

3. Volunteer Firefighter's Pension Plan

Plan Description

Local Ordinance 1988-30 established a pension fund for the benefit of the Jasper Volunteer Fire Department under the authority of Indiana Code 36-8-12-6(d). Under the provisions of this ordinance, any volunteer firefighter who reaches the age of 55 and has 20 or more years of service may retire with a service annuity. The annuities range in the amount from \$170 per month after 20 years of service to a maximum of \$270 per month after 30 years of services. Following the death of a firefighter pensioner, a monthly allowance equal to 50% of such firefighter's pension shall be paid to the firefighter's qualifying surviving spouse. The current pensions and insurance annuity are being funded through the local tax rate. The City has elected not to have an actuarial valuation performed for 2007 and prior years, to provide the required disclosure information under Statement 27 of the Governmental Accounting Standards Board (GASB).

4. Police Pension and Fire Pension Supplemental Trusts

Plan Description

Local Ordinances 1994-27 and 1997-29 established a police pension supplemental trust and a fire pension supplemental trust, respectively. The supplemental trusts were established to supplement the anticipated deficits in revenues under the police pension as established in Indiana Code 36-8-6 and 36-8-8 and in the volunteer fire pension plan. The supplemental pension trusts are funded through distributions from the general fund as recommended by the pension trust committees and approved by the common council based on actuarial studies and the availability of funds. As of December 31, 2007, the amount accumulated in the police pension supplemental trust and the fire pension supplemental trust was \$1,009,054 and \$306,298, respectively.

CITY OF JASPER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 7,551,061	\$ 10,250,137	\$ (2,699,076)	74%	\$ 6,497,215	(42%)
07-01-06	8,135,268	10,248,737	(2,113,469)	79%	6,445,174	(33%)
07-01-07	9,293,431	11,298,348	(2,004,917)	82%	6,849,807	(29%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 138,440	\$ 3,178,300	\$ (3,039,860)	4%	\$ -	N/A
01-01-03	234,905	2,876,400	(2,641,495)	8%	-	N/A
01-01-04	213,730	3,034,000	(2,820,270)	7%	-	N/A
01-01-05	179,842	2,379,200	(2,199,358)	8%	-	N/A
01-01-06	129,087	3,009,200	(2,880,113)	4%	-	N/A
01-01-07	127,550	3,006,900	(2,879,350)	4%	-	N/A

N/A = Not available

CITY OF JASPER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE
EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan			
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
1925 Police Officers' Pension Plan	12-31-02	\$ 332,700	74%
	12-31-03	331,400	39%
	12-31-04	346,600	35%
	12-31-05	168,000	63%
	12-31-06	215,200	75%
	12-31-07	217,900	71%

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CITY OF JASPER
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original & Encumbrances	Final	Amounts	Final Budget
Budgetary Fund balance, January 1	\$ 5,589,725	\$ 5,589,725	\$ 5,589,725	\$ -
Resources (inflows):				
Property taxes	3,459,577	3,459,577	3,522,907	63,330
Excise taxes	331,603	336,013	375,612	39,599
County Option Income Tax	1,953,796	1,953,796	1,953,796	-
Licenses and permits	12,500	14,800	20,580	5,780
Fines & forfeitures	12,000	19,000	25,699	6,699
Charges for services	568,852	640,388	758,994	118,606
Grants	113,362	115,359	117,693	2,334
Other Reimbursements	59,000	59,500	34,053	(25,447)
Arts Department revenue	236,400	236,400	253,436	17,036
Miscellaneous	3,200	26,400	48,894	22,494
Interest received	40,000	265,000	376,271	111,271
Transfers from other funds			1,675	1,675
Amounts available for appropriation	12,380,015	12,715,958	13,079,335	363,377
Charges to appropriations (outflows):				
Common Council	2,041,760	2,041,760	1,103,271	938,489
Mayor's Office	134,725	134,725	115,593	19,132
Public Works	953,600	953,600	495,805	457,795
Clerk-Treasurer	200,400	195,900	163,437	32,463
Legal	89,000	89,000	40,224	48,776
City Hall	180,200	155,200	99,837	55,363
Safety-Personnel Director	106,230	106,230	64,576	41,654
City Engineer	85,304	85,304	59,524	25,780
Police Department	1,788,490	1,791,190	1,666,894	124,296
Fire Department	361,300	361,300	281,446	79,854
Storm Sewer	699,000	724,000	574,571	149,429
Refuse Department	194,000	194,000	150,987	43,013
Sanitation-Recycling Department	402,800	402,800	345,923	56,877
Streets & Alleys	1,365,075	1,365,075	945,750	419,325
Planning Commission	106,542	107,042	96,239	10,803
Housing Board	500	500	-	500
Arts Department	677,952	677,952	584,315	93,637
Nondepartmental expenditures & transfers			78,938	(78,938)
Total charges to appropriations	9,386,878	9,385,578	6,867,330	2,518,248
Budgetary fund balance, December 31	\$ 2,993,137	\$ 3,330,380	\$ 6,212,005	\$ 2,881,625

CITY OF JASPER
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PARK FUND

YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual		Variance with Final Budget
	Original & Encumbrances	Final	Amounts		
Budgetary Fund balance, January 1	\$ 1,503,478	\$ 1,503,478	\$ 1,503,478	\$	-
Resources (inflows):					
Property taxes	1,522,429	1,522,429	1,552,481		30,052
Excise taxes	99,536	99,536	143,510		43,974
Park receipts	48,000	52,450	59,423		6,973
Swimming Pool receipts	33,200	38,200	44,898		6,698
Golf Course receipts	467,500	471,500	485,381		13,881
Concession Stands	47,200	49,200	54,220		5,020
Contractual Services	12,500	12,500	14,500		2,000
Grants	14,000	14,000	17,052		3,052
Miscellaneous	32,000	41,300	57,746		16,446
Interest received	5,200	35,300	57,492		22,192
Amounts available for appropriation	3,785,043	3,839,893	3,990,181		150,288
Charges to appropriations (outflows):					
Park General	1,553,929	1,624,929	1,252,381		372,547
Swimming Pool	133,200	152,200	116,739		35,461
Municipal Golf Course	752,670	752,670	616,690		135,980
Older American Center	187,600	188,600	157,556		31,044
Camp Carnes	12,200	13,000	2,457		10,543
Ruxer Golf Course	256,765	256,765	182,586		74,179
Nondepartmental expenditures & transfers			6,680		(6,680)
Total charges to appropriations	2,896,364	2,988,164	2,335,089		653,074
Budgetary fund balance, December 31	\$ 888,679	\$ 851,730	\$ 1,655,092	\$	803,362

CITY OF JASPER
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
EDIT FUND
YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original & Encumbrances	Final		
Budgetary Fund balance, January 1	\$ 1,607,741	\$ 1,607,741	\$ 1,607,741	\$ -
Resources (inflows):				
Economic Dev Income Tax Received	1,418,513	1,418,513	1,418,513	0
Interest received	10,000	60,000	93,150	33,150
Amounts available for appropriation	<u>3,036,254</u>	<u>3,086,254</u>	<u>3,119,404</u>	<u>33,150</u>
Charges to appropriations (outflows):				
Connecting Walkway	150,000	150,000	14	149,986
Land	82,010	82,010	75,099	6,911
Building & Structures-Auditorium Seating	80,000	80,000	-	-
Contractual Services	60,000	60,000	37,065	22,935
Bond payment	336,000	336,000	307,571	28,429
Park Dept.-Land Improvements	13,915	114,915	114,915	-
Land Improvements	225,000	225,000	-	225,000
Police Dept.-Equipment	150,000	-	-	-
Street Materials	504,401	504,401	499,320	5,081
Common Drive Extension	150,000	-	-	-
Total charges to appropriations	<u>1,751,326</u>	<u>1,552,326</u>	<u>1,033,984</u>	<u>438,342</u>
Budgetary fund balance, December 31	\$ <u>1,284,928</u>	\$ <u>1,533,928</u>	\$ <u>2,085,420</u>	\$ <u>551,492</u>

CITY OF JASPER
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	Motor Vehicle Highway	Local Road and Street	Local Law Enforcement Continuing Education	Park Nonreverting Operating	Fire Truck Donation	Cemetery Operating	Investment Incentive
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	2,221	-	-	-
Licenses and permits	-	-	5,195	-	-	-	-
Intergovernmental	571,483	81,819	-	-	-	-	-
Charges for services	-	-	2,495	-	1,320	5,000	-
Fines and forfeits	-	-	1,245	-	-	-	-
Other	18,224	5,580	-	2,621	12,118	2,276	11,166
Total receipts	589,707	87,399	8,935	4,842	13,438	7,276	11,166
Disbursements:							
General government	-	-	-	-	-	7,161	-
Public safety	-	-	4,000	-	-	-	-
Highways and streets	552,617	100,000	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	552,617	100,000	4,000	-	-	7,161	-
Excess (deficiency) of receipts over disbursements	37,090	(12,601)	4,935	4,842	13,438	115	11,166
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37,090	(12,601)	4,935	4,842	13,438	115	11,166
Cash and investment fund balance - beginning	325,311	110,756	25,858	48,931	134,345	40,054	208,346
Cash and investment fund balance - ending	<u>\$ 362,401</u>	<u>\$ 98,155</u>	<u>\$ 30,793</u>	<u>\$ 53,773</u>	<u>\$ 147,783</u>	<u>\$ 40,169</u>	<u>\$ 219,512</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ 362,401</u>	<u>\$ 98,155</u>	<u>\$ 30,793</u>	<u>\$ 53,773</u>	<u>\$ 147,783</u>	<u>\$ 40,169</u>	<u>\$ 219,512</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Public safety	\$ -	\$ -	\$ 30,793	\$ -	\$ 147,783	\$ -	\$ -
Highways and streets	362,401	98,155	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	219,512
Culture and recreation	-	-	-	53,773	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	40,169	-
Total cash and investment fund balance - December 31	<u>\$ 362,401</u>	<u>\$ 98,155</u>	<u>\$ 30,793</u>	<u>\$ 53,773</u>	<u>\$ 147,783</u>	<u>\$ 40,169</u>	<u>\$ 219,512</u>

CITY OF JASPER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Economic Development	DARE	Police Grant	Donation	Rainy Day	Riverboat
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	3,493	-	610,046	76,300
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	6,064	100	9,277	143	61,993	18,141
Total receipts	6,064	100	12,770	143	672,039	94,441
Disbursements:						
General government	-	-	-	323	-	-
Public safety	-	-	11,143	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	-	-	11,143	323	-	-
Excess (deficiency) of receipts over disbursements	6,064	100	1,627	(180)	672,039	94,441
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,064	100	1,627	(180)	672,039	94,441
Cash and investment fund balance - beginning	115,288	50	3	2,692	667,847	326,365
Cash and investment fund balance - ending	<u>\$ 121,352</u>	<u>\$ 150</u>	<u>\$ 1,630</u>	<u>\$ 2,512</u>	<u>\$ 1,339,886</u>	<u>\$ 420,806</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 121,352</u>	<u>\$ 150</u>	<u>\$ 1,630</u>	<u>\$ 2,512</u>	<u>\$ 1,339,886</u>	<u>\$ 420,806</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ 150	\$ 1,630	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	121,352	-	-	-	-	-
Culture and recreation	-	-	-	2,512	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	1,339,886	420,806
Total cash and investment fund balance - December 31	<u>\$ 121,352</u>	<u>\$ 150</u>	<u>\$ 1,630</u>	<u>\$ 2,512</u>	<u>\$ 1,339,886</u>	<u>\$ 420,806</u>

CITY OF JASPER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Storm Water Management	Arnold Habig Community Center	Arts Center Expansion	Beaver Dam Lake	Unsafe Building	Cumulative Building and Fire Equipment
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,230
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	6,769
Charges for services	339,016	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	27,887	5,135	12,799	8,078	43	10,354
Total receipts	366,903	5,135	12,799	8,078	43	90,353
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	371,052	-	-	-	-	-
Culture and recreation	-	2,750	-	587	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	371,052	2,750	-	587	-	-
Excess (deficiency) of receipts over disbursements	(4,149)	2,385	12,799	7,491	43	90,353
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,149)	2,385	12,799	7,491	43	90,353
Cash and investment fund balance - beginning	483,318	7,625	53,082	2,474	820	177,941
Cash and investment fund balance - ending	\$ 479,169	\$ 10,010	\$ 65,881	\$ 9,965	\$ 863	\$ 268,294
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	\$ 479,169	\$ 10,010	\$ 65,881	\$ 9,965	\$ 863	\$ 268,294
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 268,294
Highways and streets	479,169	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	10,010	65,881	9,965	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	863	-
Total cash and investment fund balance - December 31	\$ 479,169	\$ 10,010	\$ 65,881	\$ 9,965	\$ 863	\$ 268,294

CITY OF JASPER
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007
(Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	Park Nonreverting Capital	Cumulative Sewer	Park Bond Debt Service	Totals
Receipts:						
Taxes	\$ -	\$ 394,528	\$ -	\$ -	\$ -	\$ 467,758
Special assessments	-	-	-	-	-	2,221
Licenses and permits	-	-	-	-	-	5,195
Intergovernmental	42,500	36,470	-	-	-	1,428,880
Charges for services	-	-	34,833	-	-	382,664
Fines and forfeits	-	-	-	-	-	1,245
Other	8,427	57,120	7,222	3,741	20,113	308,622
Total receipts	50,927	488,118	42,055	3,741	20,113	2,596,585
Disbursements:						
General government	-	-	-	-	-	7,484
Public safety	-	-	-	-	-	15,143
Highways and streets	-	238,946	-	-	-	1,262,615
Culture and recreation	-	-	34,965	-	-	38,302
Debt service:						
Principal	-	-	-	-	310,000	310,000
Interest	-	-	-	-	73,091	73,091
Total disbursements	-	238,946	34,965	-	383,091	1,706,635
Excess (deficiency) of receipts over disbursements	50,927	249,172	7,090	3,741	(362,978)	889,950
Other financing sources (uses):						
Transfers in	-	-	-	-	357,571	357,571
Transfers out	(50,000)	-	-	-	-	(50,000)
Total other financing sources (uses)	(50,000)	-	-	-	357,571	307,571
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	927	249,172	7,090	3,741	(5,407)	1,197,521
Cash and investment fund balance - beginning	193,637	964,364	93,129	69,813	401,255	4,453,304
Cash and investment fund balance - ending	<u>\$ 194,564</u>	<u>\$ 1,213,536</u>	<u>\$ 100,219</u>	<u>\$ 73,554</u>	<u>\$ 395,848</u>	<u>\$ 5,650,825</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 194,564</u>	<u>\$ 1,213,536</u>	<u>\$ 100,219</u>	<u>\$ 73,554</u>	<u>\$ 395,848</u>	<u>\$ 5,650,825</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 448,650
Highways and streets	-	-	-	-	-	939,725
Sanitation	-	-	-	73,554	-	73,554
Economic development	-	-	-	-	-	340,864
Culture and recreation	-	-	100,219	-	-	242,360
Debt service	-	-	-	-	395,848	395,848
Other purposes	194,564	1,213,536	-	-	-	3,209,824
Total cash and investment fund balance - December 31	<u>\$ 194,564</u>	<u>\$ 1,213,536</u>	<u>\$ 100,219</u>	<u>\$ 73,554</u>	<u>\$ 395,848</u>	<u>\$ 5,650,825</u>

CITY OF JASPER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2007

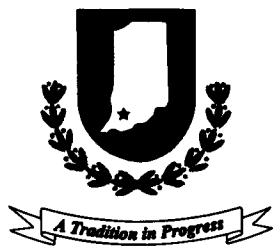
	Police Pension	Fire Pension	Police Pension Supplemental Trust	Fire Pension Supplemental Trust	Totals
Additions:					
Contributions:					
Employer	\$ 153,735	\$ 87,299	\$ 60,000	\$ 67,886	\$ 368,920
Investment receipts:					
Interest	<u>5,312</u>	<u>4,733</u>	<u>49,232</u>	<u>14,375</u>	<u>73,652</u>
Total additions	<u>159,047</u>	<u>92,032</u>	<u>109,232</u>	<u>82,261</u>	<u>442,572</u>
Deductions:					
Benefits	149,398	31,331	-	-	180,729
Administrative and general	<u>113</u>	<u>22,368</u>	<u>-</u>	<u>-</u>	<u>22,481</u>
Total deductions	<u>149,511</u>	<u>53,699</u>	<u>-</u>	<u>-</u>	<u>203,210</u>
Excess of total additions over total deductions	9,536	38,333	109,232	82,261	239,362
Cash and investment fund balance - beginning	<u>127,550</u>	<u>75,131</u>	<u>899,822</u>	<u>224,037</u>	<u>1,326,540</u>
Cash and investment fund balance - ending	<u>\$ 137,086</u>	<u>\$ 113,464</u>	<u>\$ 1,009,054</u>	<u>\$ 306,298</u>	<u>\$ 1,565,902</u>

CITY OF JASPER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2007

	Cemetery Endowment	Landfill Close-Down	Totals
Additions:			
Investment earnings:			
Interest	\$ 289	\$ 24,038	\$ 24,327
Deductions:			
Administrative and general	-	41,275	41,275
Excess (deficiency) of total additions over total deductions	289	(17,237)	(16,948)
Cash and investment fund balance - beginning	5,970	469,351	475,321
Cash and investment fund balance - ending	\$ 6,259	\$ 452,114	\$ 458,373

CITY OF JASPER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007

	<u>Payroll</u>	<u>Regional Arts Grant</u>	<u>Totals</u>
Additions:			
Agency fund additions	<u>\$ 9,202,789</u>	<u>\$ 64,862</u>	<u>\$ 9,267,651</u>
Deductions:			
Agency fund deductions	<u>9,232,526</u>	<u>59,240</u>	<u>9,291,766</u>
Excess (deficiency) of total additions over total deductions	(29,737)	5,622	(24,115)
Cash and investment fund balance - beginning	<u>70,716</u>	<u>29,256</u>	<u>99,972</u>
Cash and investment fund balance - ending	<u><u>\$ 40,979</u></u>	<u><u>\$ 34,878</u></u>	<u><u>\$ 75,857</u></u>



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CITY OF JASPER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2007

Governmental Activities:

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,943,160
Infrastructure	62,385,554
Buildings	11,543,965
Improvements other than buildings	8,530,415
Machinery and equipment	10,305,200
Construction in progress	215,494
Total governmental activities, capital assets not being depreciated	<u>\$ 96,923,788</u>

Business-Type Activities:

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the enterprise fund financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000	Straight-line	67 years
Improvements other than buildings	1,000	Straight-line	20 to 99 years
Machinery and equipment	1,000	Straight-line	5 to 30 years

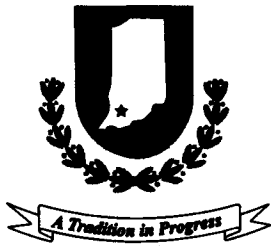
For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.



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CITY OF JASPER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2007

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 292,314
Construction in progress	43,155
Capital assets, being depreciated:	
Buildings	10,427,252
Improvements other than buildings	10,403,689
Machinery and equipment	<u>4,137,459</u>
Total Water Utility capital assets	<u>25,303,869</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	195,639
Construction in progress	23
Capital assets, being depreciated:	
Buildings	6,898,962
Improvements other than buildings	15,953,940
Machinery and equipment	<u>7,342,011</u>
Total Wastewater Utility capital assets	<u>30,390,575</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	110,050
Capital assets, being depreciated:	
Buildings	3,766,220
Improvements other than buildings	17,961,950
Machinery and equipment	<u>6,737,252</u>
Total Electric Utility capital assets	<u>28,575,472</u>
Gas Utility:	
Capital assets, not being depreciated:	
Land	16,904
Capital assets, being depreciated:	
Buildings	10,926
Improvements other than buildings	5,105,806
Machinery and equipment	<u>723,133</u>
Total Gas Utility capital assets	<u>5,856,769</u>



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CITY OF JASPER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2007

	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:		
Revenue bonds:		
2004 Park bonds	\$ 2,290,000	\$ 320,000
Business-type Activities:		
Water Utility		
Loans payable	\$ 11,302,000	\$ -
Wastewater Utility		
Revenue bonds:		
2003 Refunding bonds	465,000	230,000
Loans payable	790,000	20,000
Total Wastewater Utility	1,255,000	250,000
Gas Utility		
Interfund loans payable	\$ 1,252,089	\$ -
Total business-type activities:	\$ 13,809,089	\$ 250,000

CITY OF JASPER
AUDIT RESULT AND COMMENT

ACCOUNTS RECEIVABLE

The Accounts Receivable Report (detail) total did not agree with the accounts receivable balance (control) per the general ledgers as of December 31, 2007. The difference was the result of a computer allocation problem which caused the general ledger balance for one utility to be understated and the other three utilities to be overstated with a net effect of zero. Adjustments were made to correct some customer accounts. However, after the adjustments were made, a difference between the Accounts Receivable Report and the general ledgers still existed and the Utility Office personnel believed that the problem was with the Accounts Receivable Report totals. Upon further examination during the audit, it was discovered that some adjustments made by the computer programmers in the billing portion of the system did not get posted to the general ledger. Therefore, adjustments should be made to the accounts receivable balances in the general ledger. After those adjustments are made, the balances of the accounts receivable accounts in the general ledger should agree with the total of the Accounts Receivable Report.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

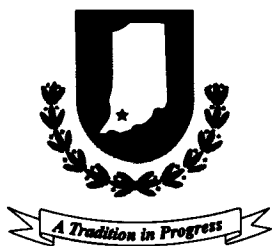
CITY OF JASPER
OTHER REPORT

The annual report presented herein was prepared in addition to another official report including the individual City offices listed below:

Water, Wastewater, Electric, and Gas Utilities

CITY OF JASPER
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2008, with William J. Schmitt, Mayor; and Juanita S. Boehm, Clerk-Treasurer. The official response has been made a part of this report and may be found on pages 51 and 52.



JASPER MUNICIPAL UTILITIES

P.O. Box 750 • 610 Main Street • Jasper, Indiana 47547-0750

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June 12, 2008

State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, IN 46204-2769

RE: OFFICIAL RESPONSE

Dear Audit Examiners,

This is an official response to the City of Jasper 2007 audit results and comments presented at the June 12, 2008 exit conference.

ACCOUNTS RECEIVABLE

Audit results and comments

The Accounts Receivable Report (detail) total did not agree with the accounts receivable balance per the general ledgers (control) as of December 31, 2007. The difference was the result of a computer allocation problem which caused the general ledger balance for one utility to be understated and the other three utilities to be overstated with a net effect of zero. Adjustments were made to correct some customer accounts. However, after the adjustments were made, a difference between the Accounts Receivable Report and the general ledgers still existed and the Utility Office personnel believed that the problem was with the Accounts Receivable Report totals. Upon further examination during the audit, it was discovered that some adjustments made by the computer programmers in the billing portion of the system did not get posted to the general ledger. Therefore, adjustments should be made to the accounts receivable balances in the general ledger. After those adjustments are made, the balances of the accounts receivable accounts in the general ledger should agree with the total of the Accounts Receivable Report.

Response

A one-time computer allocation problem caused the Accounts Receivable Report (detail) total and the accounts receivable balance per the general ledgers (control) to differ as of December 31, 2007.

When a customer pays his utility bill, the payment is applied to a certain billing date and allocated in a predetermined order to each utility shown on a customer's account.

The Utilities required a modification to its computer software that indicated how to allocate a customer's payment when items such as sewer liens are involved. The modification made certain assumptions about the amount of the payment. When a payment from a sewer lien customer did not follow these modification assumptions, several payments were incorrectly allocated among the various utilities. Our computer programmers identified and corrected the affected accounts within the utility billing system; however, the corresponding general ledger entries were not generated by the system. As a result, the general ledger and the accounts receivable report by utility did not match, although in total they were in balance. Due to the considerable amount of time spent on this one-time occurrence relative to the small dollar amount involved, Utility Office personnel asked the programmers to suspend work on this matter, pending review by the examiners.

The software modification was changed to prevent this allocation error from recurring. Manual journal entries have been made, and the general ledger accounts receivable balance agrees with the accounts receivable report in each utility.

Respectfully submitted,



Juanita S. Boehm
Clerk-Treasurer
City of Jasper, Indiana



Gerald W. Hauersperger
General Manager of Utilities
Jasper Municipal Utilities